

24 July 1967

B

MEMORANDUM FOR THE RECORD

SUBJECT: Liquidation Plans  
25X1A2d1 [REDACTED] Surge Funding

REFERENCE: Discussion this date, Office of  
the Deputy Director for Support

1. Reference discussion was convened by Mr. Bannerman. It was stimulated by the caveat imposed by the Executive Director and approved by Director of Central Intelligence on the authorizations for terminal funds to close out the Agency operational relationship with certain projects and activities, as directed by the Katzenbach Committee.

2. In attendance were:

DD/S	-	Mr. Bannerman
GC	-	Mr. Houston
MPS/BG	-	[REDACTED]

25X1A9a

3. It was noted that:

a. Liquidation Plans are "in house" documents, to outline internal Agency responsibilities and authorities for disengagement from the activities involved.

b. In each case, there are one or more principals who are witting and with whom some form of formal agreement has outlined the Agency relationship. These agreements may be considered as positive documents in the sense that they contemplate a continuing relationship.

c. Conversely, it is now necessary to develop what may be termed as a negative document to outline the terms, conditions and/or

intent of the arrangements under which surge funds are to be provided by the Agency and accepted by the recipients. Since there is no stereotyped procedural precedent, documentation must be developed appropriate to each case.

4. The DD/S suggested that there is need for a short-term Task Force, to include representatives of the various components with attendant responsibilities, to hammer out the documents required. It was agreed that:

a. MPS/BG is the most appropriate focal point and should therefore chair the Task Force.

b. Mr. Houston will designate specific members of the Office of General Counsel to participate.

c. Mr. Bannerman will designate representatives from the Office of Finance and SSA/DDS.

d. Subject to the concurrence of the DD/P, MPS/BG will call upon CCS/FB and the operating components, as appropriate.

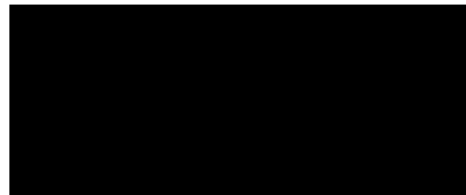
5. The two highest priorities are Projects [REDACTED] and [REDACTED] 25X1A2d1

6. It was agreed that the DD/S would address a memorandum to the DD/P, via MPS/BG, outlining the DD/S position on this subject.

7. The overlying principle is that we are not engaged in a lump-sum give-away of the funds authorized. In the protection of government interest and notwithstanding the policy directive for a complete operational disengagement, it is also incumbent upon the Agency to consummate agreements upon responsibilities and perimeters on the proposed use of these funds, to line out funding plans for which the total amount authorized constitutes the outside limit of Agency financial liability, and to define the moral and, as practical, the legal

SECRET

liability of the recipients or custodians who are to exercise discretion over the subsequent disbursement of such funds, within predetermined limits. Through the device of bank-trust or similar agreements placing forward increments in escrow, subject to performance in good faith, there is to be an Agency option to shut off the forward flow of funds, in the event of failure to conform with the spirit and intent of the terms of reference.



25X1A9a

MPS/BG/CA

CONCUR



MPS/Chief, Budget Group

25 July 67  
Date

\_\_\_\_\_  
General Counsel

\_\_\_\_\_  
Date

\_\_\_\_\_  
Deputy Director for Support

\_\_\_\_\_  
Date

**SECRET**

25X1A9a